



PROFERCY USA

US nitrogen prices and the Global perspective

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11 June 2010		World/US Price Comparison					
Product and origin	Cargo size metric tonne	Fob \$mt	Freight \$mt	cfr Gulf \$mt	Equals \$pst fob Gulf	Current Price \$pst fob Gulf	Current US price - Import cost
Granular Urea							
Middle East	35,000	235.0	40.0	275.0	252.5	232.0	-20.5
Venez/Trinidad	20-25,000	230.0	20.0	250.0	229.8		2.2
Egypt	25,000	240.0	30.0	270.0	247.9		-15.9
China panamax	55,000	255.0	40.0	295.0	270.6		-38.6
						Average delta	-18.2
Prilled Urea							
Libya	20,000	220.0	30.0	250.0	229.8	225.0	-4.8
Romania	25,000	225.0	35.0	260.0	238.9	nominal	-13.9
Middle East	25,000	243.0	40.0	283.0	259.7		-34.7
						Average delta	-17.8
UAN							
Russia (Baltic)	30,000	150.0	30.0	180.0	166.3	160.0	-6.3
Romania	25,000	165.0	35.0	200.0	184.4		-24.4
Egypt	30,000	165.0	32.0	197.0	181.7		-21.7
						Average delta	-17.5
Ammonia							
FSU	35,000	295.0	60.0	355.0		\$pt cfr Tampa 370.0	15.0
Middle East	25,000	300.0	80.0	380.0			-10.0
						Average delta	2.5

Notes: Prices quoted are spot. Freight rates are estimates.

World Market Status		
Product	Status	Remarks
Granular Urea	Firmer	European demand for granular urea has awakened with importers and distributors keen to lock in cheap product for summer refill. This, coupled with traders covering earlier short sales, has resulted in a \$10pt jump in Egyptian prices over the past week. Venezuelan and Trinidad product is being diverted from the US to Latin America.
Prilled Urea	Firmer	The improvement in Egyptian granular prices has relieved some pressure on FSU prilled suppliers. Netbacks have gained a few dollars to \$220-225pt fob Black Sea and similar in the Baltic. In Asia, Chinese prices are weakening but may soon find support.
UAN	Flat	Romanian prices are holding up based on trader demand for France. However, Russian product is still difficult to place as the US market is sliding fast. Argentina is in the market but this will not counteract the impact of a weak US market on Russian prices.
Ammonia	Soft	The rate of price decline has slowed. Around 80,000t of spot ammonia are being moved to the US from the FSU this month and suppliers hope that this movement will continue in July to build stock for the US Fall season.



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Urea

Egyptian prices rebound

From the 28 May report: *June is set to be a crucial month which may finally bring the 5-month price slump to an end.*

Latest market activity suggests the urea market has turned the corner in some areas and may be about to do so in others. In latest developments:

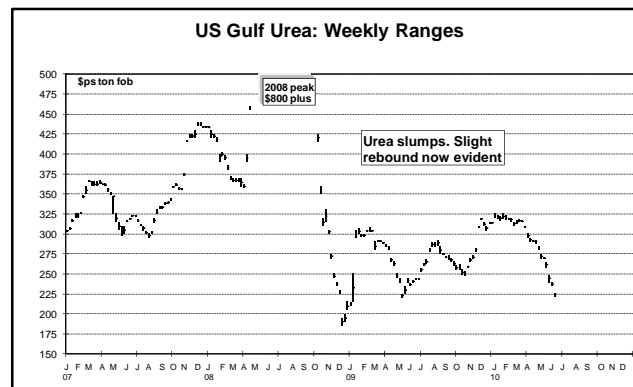
- Egyptian granular prices are recovering quickly with product sold at \$240-241pt fob and bids now above this level.
- The rebound in Egyptian prices has eased pressure on FSU prills. Gains have been less spectacular but Ukrainian product has sold at \$220pt fob Yuzhnyy and \$225pt fob is now being asked by some producers.
- Baltic prices have also increased with product sold at \$220pt fob and some now asking \$230pt fob.
- The US market fell to \$222-225ps ton fob but has now rebounded to \$234-235ps ton fob Gulf. Bids for Q3 on the paper market are back to \$240ps ton fob.

While European demand for granular is building, Asian markets are less active in the wake of the Pakistan awards. Buyers are also expecting further weakness in Chinese prices. Latest reports suggest prills from bonded store have been sold at \$245t fob and granular at \$255pt fob south China. However, if Middle East prices recover slightly, this may limit the extent to which Chinese prices need to fall to compete in SE Asia, particularly for the small cargoes favoured by buyers there. In the Middle East bids for spot granular and prills are above the levels witnessed in Pakistan and some sales have been

made. Also, certain contract customers, for example in South Africa, appear keen to load up while prices are low.

While there is no World shortage of urea that would point to a sustained price run up in the coming months, it does appear that demand is rebuilding and that the worst is over for suppliers.

US Gulf: CF has sold 10,000t to Gavilon at a reported \$222ps ton fob Donaldsonville. 8 barges are also reported to have been booked at the same price. This tonnage is understood to be for export, possibly to Chile. Further US exports are expected. Following the low sales noted above prompt barges traded at \$225-227ps ton fob. Subsequently multiple sales have taken place at \$234ps ton fob.

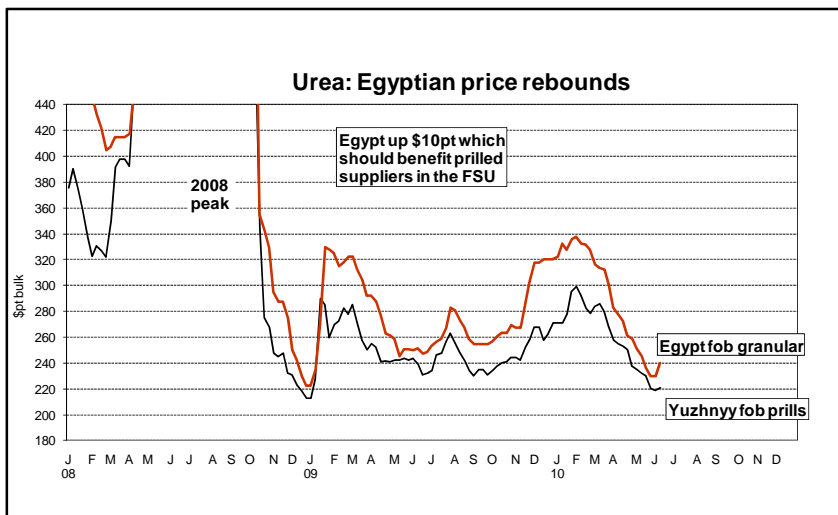


UAN

US market weak

There is no Global price trend in UAN. Romanian UAN prices are holding on the back of trader covering of earlier sales into France. Russian suppliers are under more pressure and will likely face netbacks in the low to mid-\$140s pt fob in Argentina. US prices are slipping with major buyers looking to press prices below \$140ps ton fob Gulf for summer refill. French prices are moving higher, in part due to currency fluctuation but also because the product appears cheap compared with AN.

USA: UAN prices are sliding with major buyers looking to press prices well below \$140ps ton fob Gulf for summer fill. CF initially announced a summer fill programme at around \$170ps ton fob. \$140-145ps ton fob is now being targeted by suppliers as a defensive line. Current, prompt railcar business is reported in the





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\$160s ps ton fob Gulf. Export activity appears likely soon; Keytrade is in the freight market for 15-25,000t UAN Donalsonville-Argentina loading 1-15 July.

Ammonia

Rate of price decrease slows

The ammonia market is relatively inactive but there are signs that prices are bottoming out. Over 80,000t of FSU product are moving to the US in preparation for the fall season and the positive outlook for summer fill in that market should afford price support for FSU product in July/August.

In Yuzhnyy, prices are put at \$295-300pt fob with one sale reported in that range. This is a modest reduction compared with the huge price decline witnessed in May.

For further details of

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